

COUNCIL ACTION FORM

SUBJECT: NON-ASBESTOS INSULATION AND RELATED SERVICES AND SUPPLY CONTRACT FOR POWER PLANT- CHANGE ORDER #2

BACKGROUND:

On June 11, 2019, City Council approved preliminary plans and specifications for Non-Asbestos Insulation and Related Services and Supply Contract for Power Plant. **This contract involves the removal, repair, and reinstallation of non-asbestos insulation at the Power Plant. It also includes installation of new insulation systems on pipes, ducts, equipment, vessels, boilers, and accessories throughout the Power Plant; repair and replacement of lagging systems; repair and replacement of jacketing systems and installation of new jacketing systems; fire-stopping insulation; and sound attenuation insulation.**

On August 13, 2019, the Ames City Council approved a contract with HTH Companies, Inc. in the amount of \$80,000 for the non-asbestos insulation and related services and supplies. **It is important to note that the contract amount is not for a specific project, but rather the staff's best estimate of amount of work that might be performed in a given year. Rather than doing a lump sum contract, work is charged to the City based on the actual time and materials used for a specific task.**

There have been two large capital projects being performed at the Power Plant including Unit 7 Boiler Tube Repair project and Unit 7 Turbine/Generator Overhaul project. In both of these projects, the City of Ames (through the HTH contract) is responsible for removing any asbestos insulation in areas that could be disturbed because of project work and then replacing the asbestos with new insulation. There was a large amount of new insulation required for these two projects because of the amount of asbestos that was needed to be removed. **As a result, the amount of funds approved in the contract with HTH has been depleted because of this unanticipated work.**

PRIOR ACTIONS

Change Order No. 1, for \$15,000, was approved by staff for additional non-asbestos insulation in order to finish insulating piping that would operate at high temperatures when the unit is online. This action increased the approved contract amount with HTH to \$95,000.

THIS ACTION

To date, \$80,000 of the approved contract has been spent on the two capital projects referenced above, with the funding coming from these individual capital improvement project budgets, not from the operating budget. The remaining insulating projects to be performed within the Power Plant are considered plant maintenance and will come from the plant maintenance operating budget. Since the \$80,000 of the original contract were spent from the capital improvement budgets, there remains \$65,000 in the plant maintenance budget for undesignated insulation projects. Therefore, while the funds remain in the operating budget, the contract with HTH needs to be increased by \$65,000 to allow for the original work identified throughout the Power Plant to be completed. This action will bring the total contract amount to \$160,000.

ALTERNATIVES:

1. Approve Change Order No. 2 to HTH Companies, Inc. in the amount of \$65,000 for additional non-asbestos insulation and related services, increasing the total contract amount to \$160,000.
2. Do not approve the requested change order.

CITY MANAGER'S RECOMMENDED ACTION:

Because of the safety risk of hot piping and equipment and the inefficiencies that come from energy loss due to poor or no insulation, it is important to keep non-asbestos insulation maintenance on-going. **In addition, the increase in the approved contract amount with HTH will not result in additional costs to the operating budget.**

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No.1 as stated above.